



# The President's Daily Brief

August 2, 1975

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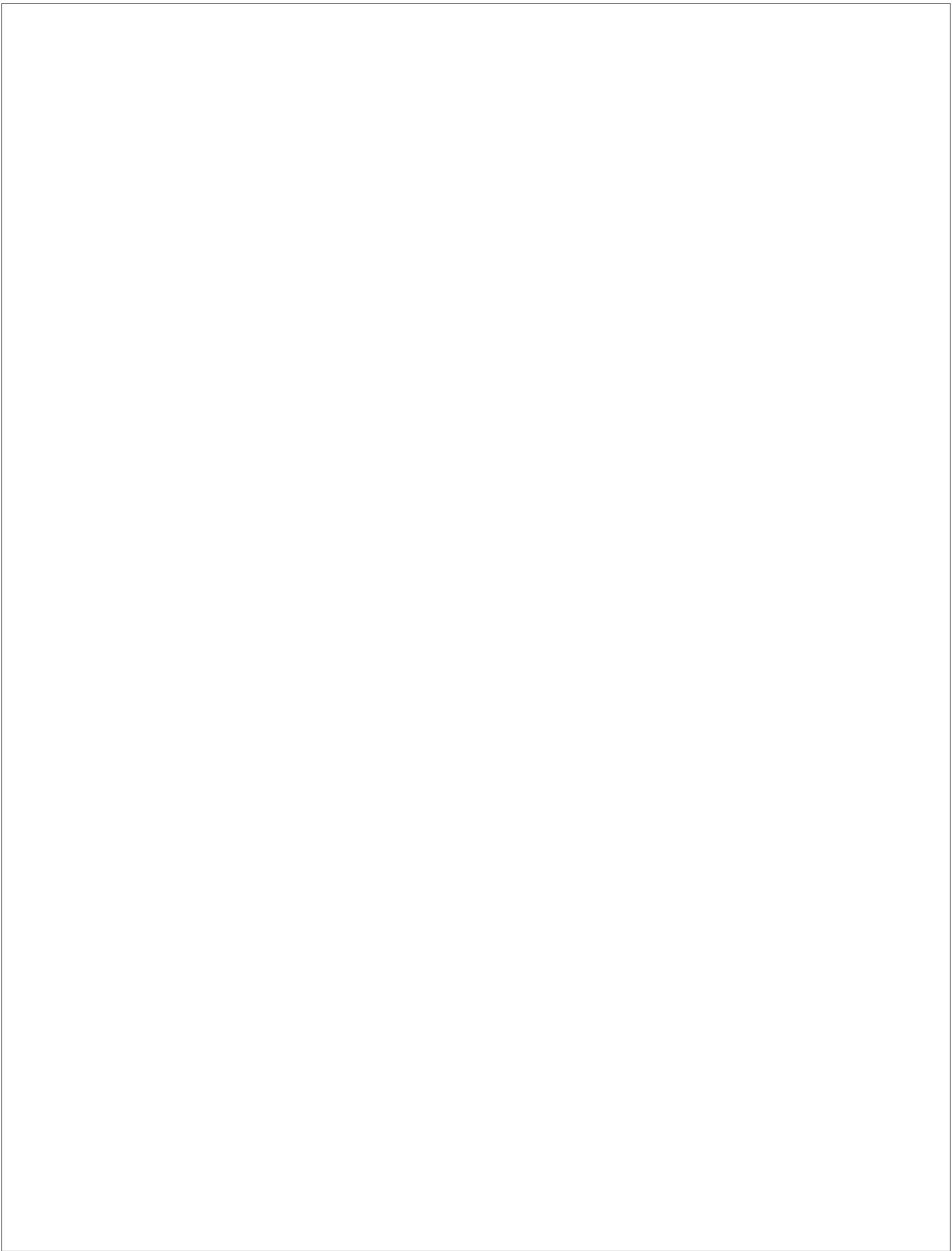
USSR

*Because of additional evidence of continued bad weather, we now expect the Soviet grain crop to be below 180 million tons. If the bad weather continues, the crop could fall to or even below the 1972 level of 168 million tons.*

The drought also has sharply curtailed forage crops, so the total shortfall in Soviet production in relation to needs could be in the range of 30-50 million tons. To date, the Soviets have contracted for about 15 million tons of foreign grain, and it now seems virtually certain that they will be back for additional large quantities. Available grain supplies, however, are nowhere near sufficient to satisfy all Soviet needs without drastic increases in world prices.

The USSR will no doubt make up some of the shortfall from its stocks but also will be forced to cut its consumption of grain. If production were as low as in 1972, cuts in consumption would be large, and there would be major economic implications. In any event there are bound to be political repercussions in the USSR, including criticism of Brezhnev's performance in this sector.

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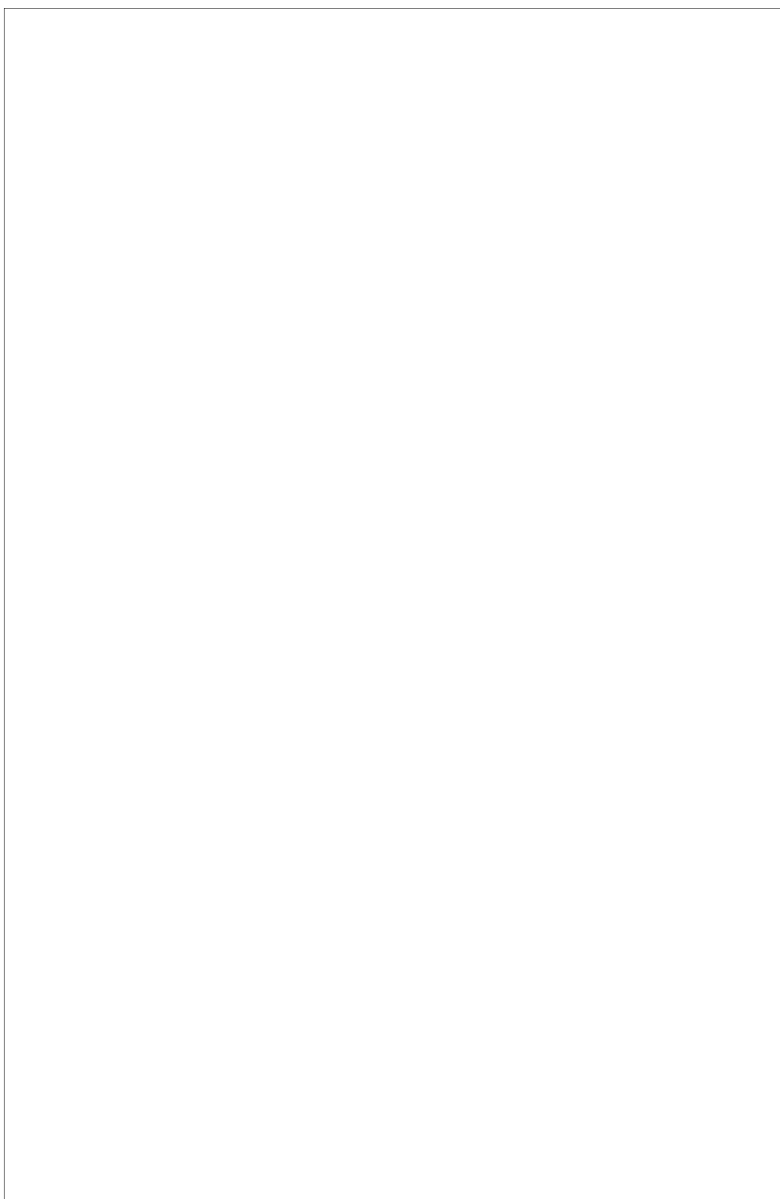


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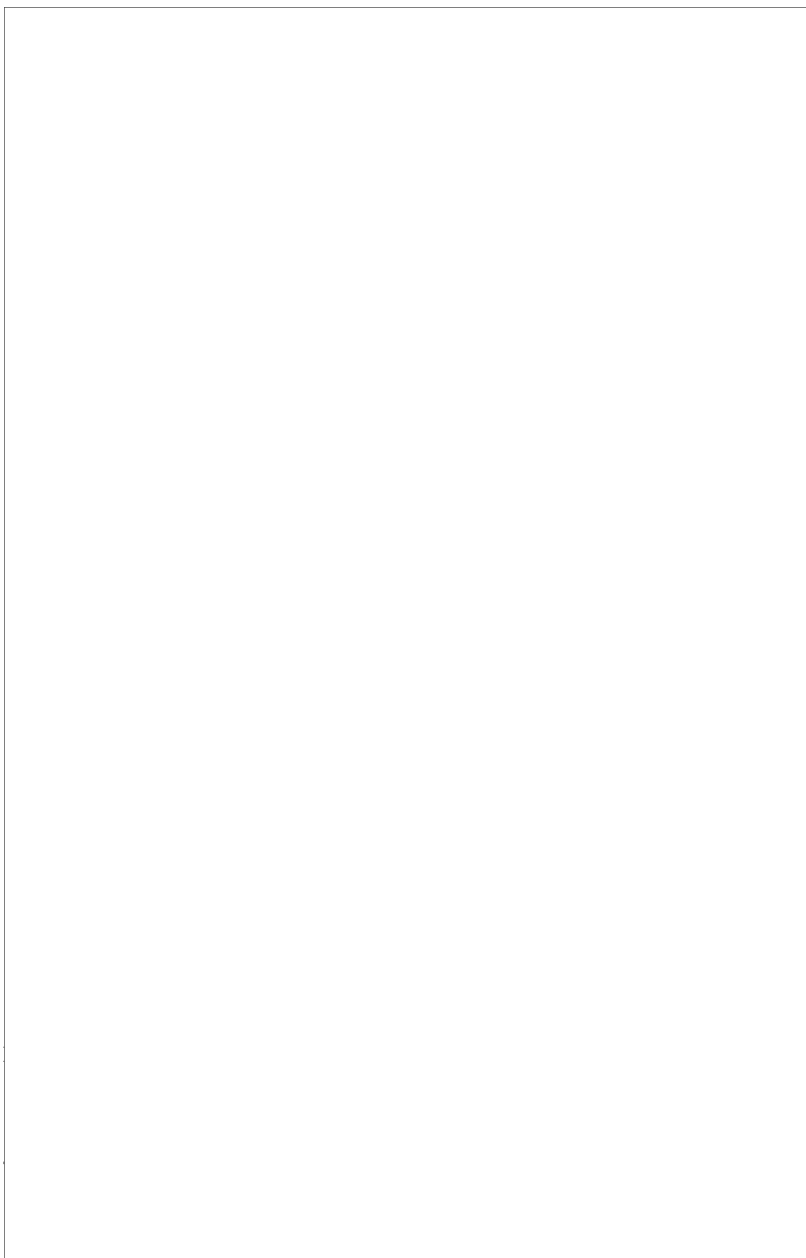
EGYPT-ISRAEL



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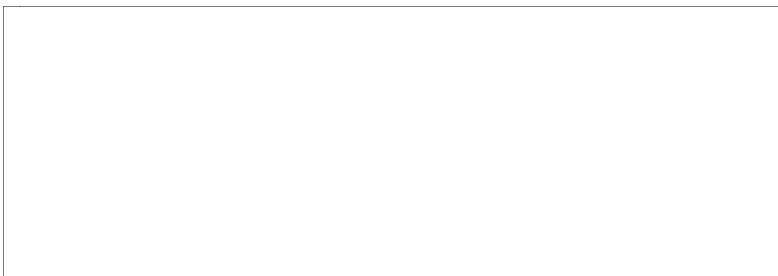


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EGYPT

*President Sadat continues on a two-track policy, pursuing another interim agreement with the Israelis while drawing up contingency plans for war.*

[redacted] Sadat  
[redacted] ordered the army to continue preparations for a Sinai offensive. [redacted] Sadat instructed Minister of War Gamasy to be prepared for action in mid-September.

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[redacted]

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The new preparations [redacted]

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[redacted] call for:

--Egyptian forces to seize and hold along a line east of the Mitla and Gidi passes.

--The Egyptian air force to launch a large-scale late afternoon attack followed by a night army assault.

--The air force is to neutralize Israeli ground force installations and airfields, and two surface-to-air missile brigades are to provide the army's air defense from positions on the east bank of the Suez Canal.

--A "serious" Israeli attack on the west bank of the canal would result in a Scud missile attack on Israeli cities.

[redacted] Sadat ordered this latest contingency plan drawn up prior to the decision to renew the UN Emergency Force mandate in the Sinai. [redacted]

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[redacted]

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[REDACTED]

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The mid-September target date [REDACTED] was set before Sadat announced his agreement to extend the UN force mandate until October and before the most recent exchanges of Israeli and Egyptian proposals for a new interim agreement in the Sinai. Despite his frustration over what he regards as Israeli stalling, Sadat probably recognizes that a final resolution of the outstanding points of disagreement could require negotiations to continue into September.

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If there is no substantial progress by then, Sadat is likely to have little hope left for an interim agreement. Even the Israelis expect that the basics of an agreement to be completed by the end of August.

If negotiations break down again, Sadat may decide to try to press his case through the UN and the Geneva forum. He has previously indicated that he would pursue this course.

It is equally possible he may conclude that, [REDACTED] further diplomatic pressure by Egypt would bring little return. The problem lies in pinpointing the precise time at which Sadat's patience finally runs out and when he decides to take the military road to achieve his goals.

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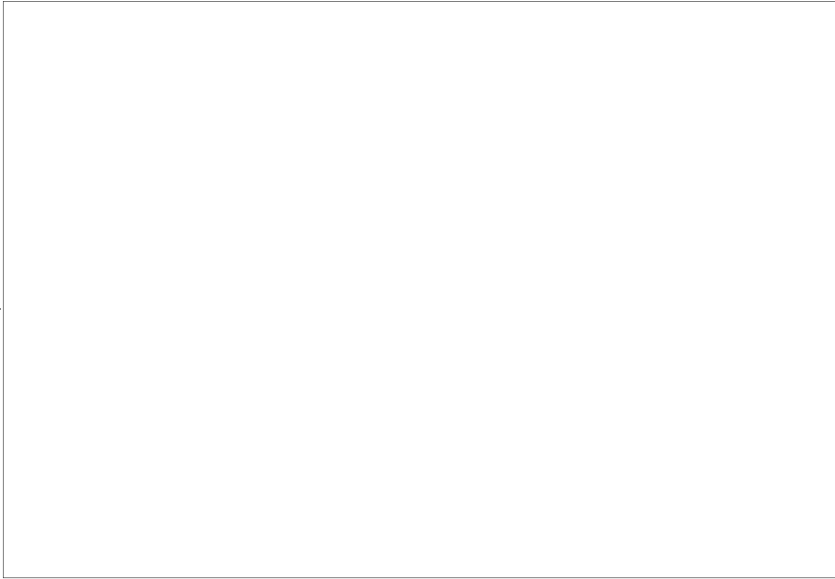
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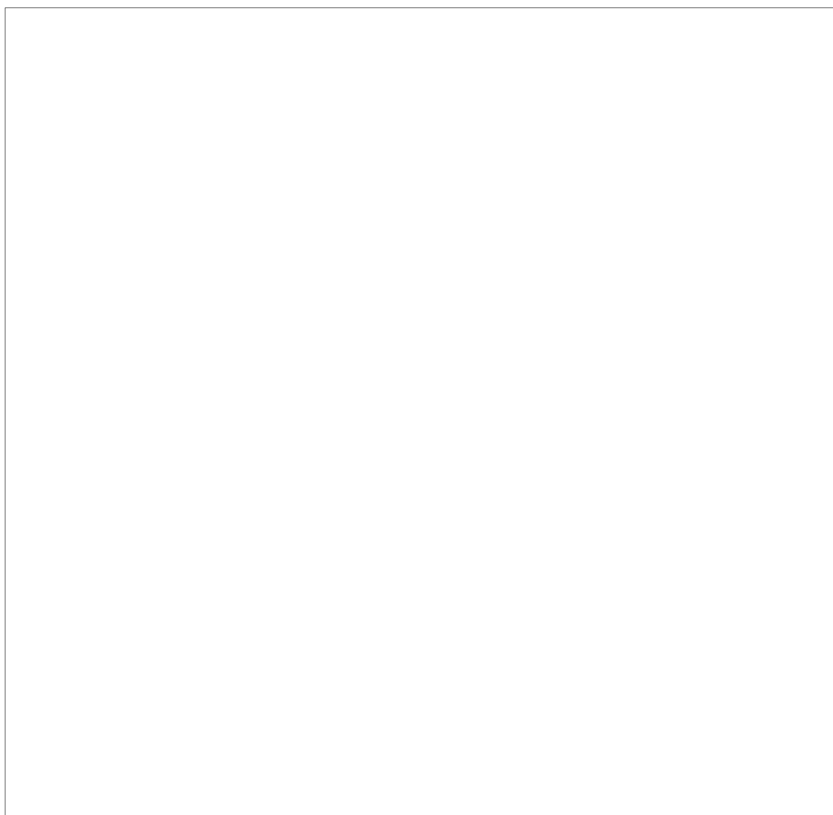


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EGYPT-LIBYA



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NOTES

Turkey

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*During the past several days, some senior Yugoslav military officers have sought out our ambassador to request closer military relations, including a new weapons deal.*

One officer said the regime's occasional assertions that the West posed a threat to Yugoslavia were no more than a political maneuver. Some officials have indicated that they are uneasy about their country's heavy dependence on Moscow for modern arms.

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*Iceland has revived its old tactic of linking fisheries and trade issues to its membership in NATO and the US-manned NATO base at Keflavik.*

Prime Minister Halgrimmsson and an important Icelandic party leader have both warned the US embassy in Reykjavik that, unless West Germany withdraws its veto of EC tariff concessions for Icelandic fish products and unless West Germany and the UK agree to stop fishing within 50 miles of Iceland's shores, Reykjavik may retaliate against the base and reconsider its membership. Iceland's economy is being hurt by the West German veto, and fishing is an emotional issue in Iceland. Icelandic leaders will be under increasing pressure to use all the weapons in their armory in this dispute.

\* \* \*

*Japan is cool to France's proposal for a five-nation economic summit, but Prime Minister Miki probably will go along with the proposal if you agree to it.*

[REDACTED]

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At recent meetings of the International Monetary Fund, the French have been holding out for a return to fixed exchange rates, and the West Germans may be moving toward the French position.

[REDACTED]

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*The Laotian communists may be preparing for a new round of demonstrations in Vientiane* [REDACTED]

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[REDACTED]  
[REDACTED] communist cadre are laying the groundwork for demonstrations to oust municipal authorities, but not to affect the national government. The communists may wish to secure a firmer grip on Vientiane's civil administration and rekindle popular enthusiasm for the revolution. [REDACTED]

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